



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Former Logan County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2017 taxes for former Logan County Sheriff Wallace Whittaker. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account, and the other reporting on the audit of the fee account used to operate the office.

Auditing standards require the auditor's letter to communicate whether the former sheriff's settlement presents fairly the taxes charged, credited and paid in accordance with accounting principles generally accepted in the United States of America. The former sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The sheriff's financial statement fairly presents the taxes charged, credited and paid for the period April 18, 2017 through April 16, 2018 in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comment:

**The former sheriff had weak internal controls over franchise tax collections:** The former Logan County Sheriff's controls over franchise collections did not catch the following errors:

- The aircraft/railroad multiplier was incorrectly used on a 2016 bill resulting in a \$1,001 underpayment by the taxpayer.

- A 2017 bill was paid twice by the taxpayer and was received twice by the sheriff resulting in an overpayment of \$1,815.
- A 2017 bill was paid twice by the taxpayer and was received twice by the former sheriff resulting in an overpayment of \$2,585.
- Five instances of an incorrect assessment being used that resulted in small overpayments or underpayments

According to the former sheriff, these errors occurred because of a lack of oversight over franchise tax collections. The former sheriff did not realize it was his responsibility to ensure assessments were correct. By having a lack of oversight and poor internal controls over franchise tax collections, the former sheriff created the opportunity for undetected misappropriation of assets and inaccurate reporting. It is essential to have good internal controls over franchise taxes to reduce the risk of misappropriation and help to prevent inaccurate financial reporting.

We recommend the Logan County Sheriff's Office strengthen internal controls over franchise tax collections. We further recommend the sheriff's office ensure that taxpayers are billed the correct amount.

*Former Sheriff's Response: Tax bills will be checked by office staff to check for accurate bills prepared by clerk.*

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

The audit report can be found on the [auditor's website](#).

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